



Western Sheep & Beef Producers

Bulletin – 11 November 2014

AWI Industry Consultative Committee (ICC) report

PGA Executive and Livestock Committee member Mr Clinton Ayers attended the most recent meeting of the consultative committee held in mid October.

Funding the high level report into an Analysis of Selling Systems has been budgeted at no more than \$800,000, and it may turn out cheaper than this.

Chairman of the AWI Board of Directors, Mr Wal Merriman intimated that the report could potentially result in cost savings to woolgrowers, and increase the competition on the 'big' 4 processors in China.

As usual, the PGA questioned any real increase in competition, voicing our concerns that interference in the selling systems would more likely have the reverse effect.

With respect to Wool Poll, it will remain at 3 year intervals for the present.

AWI intend to increase investment in supply chain diversification in China, Russia and Vietnam.

- ✓ Russia, reigniting an old trade partner by increasing volume of wool used in children's wear.
- ✓ Vietnam has increased its non-wool textile exports by 15% in the past 12 months, and AWI is hoping to increase wool use through joint venture partnerships with Chinese, Japanese and Korean capital utilizing Vietnamese labour and expertise.
- ✓ China is now using 60% of imported wool for internal consumption. AWI is sending more marketing expertise there.

NATIONAL LIVESTOCK STANDSTILL FOR FMD

A national livestock standstill would be an automatic consequence of an FMD outbreak anywhere in Australia. Even if the FMD outbreak was in QLD, the standstill would be nation-wide.

The underlying premise of a standstill is to prevent carrying the FMD virus from one place to another on animals. If FMD is detected, the standstill would be automatic, i.e. DAFWA would flick the switch to put it into effect.

During the 2001 FMD outbreak in the UK it took 5 days to call a standstill and it is estimated this delay doubled the cost of dealing with FMD.

Animals are by far the biggest risk for the transmission of FMD. That is why the standstill focuses on animals.

According to DAFWA, mixed consignments of animals in transit for saleyards, feedlots, shows and export depots would be returned to their property of origin. The latest draft options paper from DAFWA is attached.

As part of the process, DAFWA has asked PGA to provide an appreciation of farmer attitudes to having mixed loads sent to either their farm of origin, abattoirs or other destinations. **YOUR INPUT IS WELCOME.**

UPCOMING MEETINGS – 2014

Executive Committee – 11 December

Livestock Standstill Working Group

- Approximately 75% of livestock loads (sheep and cattle) will be from mixed origins.
- Approximately 75% of stock sold at saleyards are destined for abattoirs.

Options for destinations of mixed loads of livestock when a standstill is called:

This only applies to multiple loads

Origin	Intended Destination	New Destination	Advantages	Risks
Farm	Saleyard	Return to multiple farms	No transaction farmers manage own risks	Possible disease spread from other stock on load Farmers refuse to allow the return of animals
		Return to one farm with quarantine facility	Any risks confined to one site	Disease spread from other stock on load Feed supply and costs Management costs and ownership may become unclear unless tightly managed
		Abattoir	Any risks confined to one site. Slaughter likely outcome.	Likely to need compensation as little or no markets. If slaughter and rendered would markets accept product. Feed supply and costs
		Approved premises	Temporary aggregation point	Low and dispersed capacity Finding permanent destinations after NLS Feed supply and costs Management / stock person costs
Saleyards	farms	Return saleyard	No extra risks as previously mixed there	Feed supply and costs
		Continue to multiple farms	farmers manage own risks	Disease spread from saleyard aggregation
		Abattoir	Any risks confined to one site. Slaughter likely outcome.	Likely to need compensation as little or no markets. If slaughter and rendered would markets accept product.

				Issue of capacity. Individual groupings may become a mixed single group if held in surrounding paddocks as at Muchea.
		Approved premises	Temporary aggregation point	Low and dispersed capacity Finding permanent destinations after NLS

Options for stock redirected to abattoirs AFTER standstill is lifted:

1. Redispersed to farm of origin
2. Process as normal and use by domestic markets
3. Slaughtered and rendered under contract